

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Waunakee, Wisconsin

AUDITED FINANCIAL STATEMENTS

June 30, 2017

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Independent Auditor's Report

To the School Board
Waunakee Community School District
Waunakee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Waunakee Community School District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Waunakee Community School District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability - Wisconsin Retirement System, schedule of contributions - Wisconsin Retirement System, schedule of employer OPEB contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information on pages 4-10 and 47-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waunakee Community School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, and is also not a required part of the basic financial statements.

The combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Waunakee Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waunakee Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waunakee Community School District's internal control over financial reporting and compliance.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
December 1, 2017

WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The discussion and analysis of the financial performance of the Waunakee Community School District (District) provides an overview of financial activities for the fiscal year ended June 30, 2017. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's government-wide financial statements reflect the following:

- Total net position of the District decreased to \$25,154,212 or -6.66% at June 30, 2017. Total governmental activity revenues increased to \$55,286,914 in fiscal year 2017, up from \$52,127,005 in fiscal year 2016, an increase of approximately 6.06%. Total governmental activity expenses increased to \$57,081,436 in fiscal year 2017, up from \$52,154,971 in the year ended June 30, 2016, an increase of 9.45%.
- Total business-type activity revenues increased to \$1,908,052 in fiscal year 2017, up from \$1,853,508 in fiscal year 2016.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds decreased \$9,461,350 in fiscal year 2017. This decrease included a \$1,027,693 decrease in the general fund, a \$423,374 decrease in the debt service fund, a \$7,989,975 decrease in the capital project fund, and a \$20,308 decrease in the nonmajor governmental funds. The change in the District's general fund balance is the result of the School Board approving one-time expenses to call in the remaining debt on the district administrative building through Fund 38, completion of a district wide security camera project, moving a portable classroom from one building to another, starting a project to remodel the high school Warrior Stadium, and opening a staff Wellness Clinic.
- The fund balance for all governmental funds at June 30, 2017 was \$10,435,448. Of this amount, \$123,228 was restricted for special purposes, \$297,493 was restricted for capital projects, \$1,571,417 was restricted for debt service, \$266,758 was restricted for community services, \$56,250 was committed for parking lot replacement, \$7,110 was committed for band uniforms, \$1,695,503 was assigned for maintenance projects, and \$6,417,689 remains unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

District-wide financial statements

District-wide financial statements report information about the Waunakee Community School District as a whole, using accounting methods similar to those used by private sector companies.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The *statement of net position* presents financial information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District's Net Position and to provide an explanation of material changes that occurred since the prior year.

Both of the District-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activity). The governmental activities of the District include the general operations, special education, debt service, and capital project. The District reports nutrition services as a business-type activity.

Fund Financial Statements

The *fund financial statements* provide detailed information about the District's significant funds rather than the School District of Fort Atkinson as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary. Table 1 summarizes the various features of each of these funds.

- *Governmental Funds*—Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided that explains the relationship between them.
- *Proprietary Funds*—The District reports nutrition services as a proprietary fund. Proprietary funds provide the same type of information as the District-wide financial statements, only in more detail.
- *Fiduciary Funds*—The District serves as a fiduciary for student organizations. The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

**Table 1
Major Features of the District-wide and Fund Financial Statements**

	District-wide		Fund Financial Statements	
	<u>Statements</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Fiduciary</u>
Scope	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	The day-to-day operating activities of the District for business-type enterprises	The district acts as trustee or agent for another; e.g. other post-employment trusts
Required Financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset, liability and deferred inflows/outflows of resources information	All assets, liabilities and deferred inflows/outflows of resources; both financial and capital, short-term and long-term.	Generally assets and deferred inflows expected to be used up and liabilities and deferred outflows that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term.	All assets, liabilities, deferred outflows/inflows of resources, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenue and expenses during the year, regardless of when the cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

Other Information

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's other post-employment benefits (OPEB) liability and certain detail of the District's net pension liability.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

DISTRICT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The District ended its fiscal year with net position of \$25,534,369 of which \$20,417,153 was the net investment in capital assets, \$4,143,719 was restricted for WRS pension, \$266,758 was restricted for community services, \$123,228 was restricted by donors, \$297,493 was restricted for capital projects, \$865,745 was restricted for debt service, \$343,739 was restricted for food service, and (\$923,466) was unrestricted net position. Unrestricted net position represents the discretionary resources that can be used to fund general District operations.

For governmental activities, capital assets increased due to new construction during the year.

**Table 2
Condensed Statement of Net Position
(in thousands of dollars)**

	Governmental Activities		Business-Type Activity		Total		% Change
	2017	2016	2017	2016	2017	2016	
ASSETS							
Current and other assets	\$ 14,120	\$ 27,188	\$ 411	\$ 358	\$ 14,531	\$ 27,546	-47.25%
Capital assets	105,892	101,889	36	20	105,928	101,909	3.94%
Total assets	120,012	129,077	447	378	120,459	129,455	-6.95%
DEFERRED OUTFLOWS OF RESOURCES							
	11,997	14,459	11	36	12,008	14,495	-17.16%
LIABILITIES							
Long-term liabilities	81,966	92,693	-	-	81,966	92,693	-11.57%
Other liabilities	18,540	12,604	72	84	18,612	12,688	46.69%
Total liabilities	100,506	105,297	72	84	100,578	105,381	-4.56%
DEFERRED OUTFLOWS OF RESOURCES							
	6,348	5,758	6	14	6,354	5,772	10.08%
NET POSITION							
Net investment in capital assets	20,381	22,523	36	20	20,417	22,543	-9.43%
Restricted	5,697	2,598	344	296	6,041	2,894	108.74%
Unrestricted	(923)	7,360	-	-	(923)	7,360	-112.54%
Total net position	\$ 25,155	\$ 32,481	\$ 380	\$ 316	\$ 25,535	\$ 32,797	-22.14%

Changes in Net Position

Governmental Activities

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2017 with a decrease in net position of \$1,794,522, compared to a decrease of \$67,573 in fiscal year 2016.

The District received \$55,286,914 in revenue for the fiscal year 2017. The District relies primarily on property taxes (51.1% of total governmental revenues), and state equalization aid (35.9%) to fund governmental activities. The District received approximately 11.5% in the form of specific use state grants, federal aid and direct fees for services. Individuals who directly participated or benefited from a program paid 3.7% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services. Federal and state governments subsidized certain programs with grants and awards of \$4,319,515. Operating grants include Title I, IDEA, and Transportation Aid.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Business-Type Activity

Individuals who directly benefited from services paid 95.2% of the cost. Fees charged to students and adults for meals are included as charges for services. Federal and state governments subsidized certain programs with grants of \$91,330. Operating grants include State and National School Lunch Programs.

**Table 3
Changes in Net Position from Operating Results
(in thousands of dollars)**

	Governmental Activities		Business-Type Activity		Total		% Change
	2017	2016	2017	2016	2017	2016	
REVENUES							
Program revenues							
Charges for services	\$ 2,035	\$ 2,406	\$ 1,817	\$ 1,604	\$ 3,852	\$ 4,010	-3.94%
Operating grants	4,320	3,057	91	249	4,411	3,306	33.42%
General revenues							
Property taxes	28,276	26,313	-	-	28,276	26,313	7.46%
General aid	19,868	20,012	-	-	19,868	20,012	-0.72%
Other	789	299	-	-	789	299	163.88%
Total revenues	55,288	52,087	1,908	1,853	57,196	53,940	6.04%
EXPENSES							
Instruction	29,752	29,362	-	-	29,752	29,362	1.33%
Administration and business	18,624	17,103	-	-	18,624	17,103	8.89%
Interest on debt	2,759	3,588	-	-	2,759	3,588	-23.10%
Other	5,946	2,102	1,844	1,832	7,790	3,934	98.02%
Total expenses	57,081	52,155	1,844	1,832	58,925	53,987	9.15%
Change in net position	\$ (1,793)	\$ (68)	\$ 64	\$ 21	\$ (326)	\$ (361)	-9.70%

Table 4 presents the cost of governmental activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$57,081,436. Individuals who directly participated or benefited from a program offering paid for \$2,035,079 of costs. Federal and state governments funding, along with other general contributions, subsidized certain programs with grants and contributions of \$4,349,515. The net cost of governmental activities, (\$50,726,842) was financed primarily by \$28,275,525 of property taxes and \$19,980,037 of federal and state unrestricted aid.

**Table 4
Net Cost of Governmental Activities
(in thousands of dollars)**

	Total Cost of Services	Net Cost of Services
EXPENSES		
Instruction	\$ 29,752	\$ (23,621)
Pupil and instructional services	4,344	(4,344)
Administration and business	14,280	(14,215)
Interest on debt	2,759	(2,759)
Other	5,946	(5,787)
Total expenses	\$ 57,081	\$ (50,726)

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$10,435,448, down from last year's ending fund balance of \$19,986,798. The District's unassigned fund balance, available for spending at the district's discretion was \$6,417,689.

The General Fund is the chief operating fund of the District. During the current fiscal year, the general fund saw a fund balance decrease of \$1,027,693, compared to an increase of \$928,700 in the prior year. The change is due to the School Board approving one-time expenses to call in the remaining debt on the district administrative building through Fund 38, completion of a district wide security camera project, moving a portable classroom from one building to another, starting a project to remodel the high school Warrior Stadium, and opening a staff Wellness Clinic.

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District's original budget for the general fund anticipated that revenues and other financing sources would exceed expenditures by \$11,875, the actual results for the year ended June 30, 2017 had expenses in excess of revenues and other financing sources by \$1,027,693.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had \$150,293,974 in capital assets, including land, construction in progress, land improvements, buildings, and furniture and equipment. Total accumulated depreciation on these assets was \$44,366,051. Asset acquisitions for governmental activities totaled \$7,485,187. The District recognized depreciation expense of \$3,400,087. Detailed information about capital assets can be found in Note 4 to the financial statements.

**Table 5
Capital Assets
(in thousands of dollars)**

	Governmental Activities		Business-Type Activity		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,725	\$ 2,725	\$ -	\$ -	\$ 2,725	\$ 2,725
Construction in progress	324	31,141			324	31,141
Land improvements	1,912	1,912	-	-	1,912	1,912
Buildings	134,451	96,569	-	-	134,822	96,988
Furniture and equipment	10,511	11,254	371	419	10,176	10,855
Accumulated depreciation	(44,031)	(41,712)	(335)	(399)	(44,366)	(42,111)
Net capital assets	<u>\$ 105,892</u>	<u>\$ 101,889</u>	<u>\$ 36</u>	<u>\$ 20</u>	<u>\$ 105,593</u>	<u>\$ 101,510</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Long-Term Debt

At June 30, 2017, the District had \$78,305,257 in general obligation debt outstanding—a decrease of \$4,867,969 from fiscal 2016. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. Detailed information about the District's long-term obligations is presented in Note 6 to the financial statements.

**Table 6
Outstanding Long-term Obligations
(in thousands of dollars)**

	<u>2017</u>	<u>2016</u>
General obligation debt	\$ 78,305	\$ 83,173
Capital leases	116	172
Compensated absences	<u>2,451</u>	<u>2,535</u>
Total	<u>\$ 80,872</u>	<u>\$ 85,880</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The following items may have a bearing on the future of the Waunakee Community School District:

- The general fund balance will decrease again in the 2017-18 school year due to the completion of the Warrior Stadium project, capital maintenance expenditures approved for the summer of 2017, and the completion of the trial for the staff Wellness Clinic. The anticipated decrease is \$973,000, which still leaves the School Board above the policy target of a 15% fund balance.
- The School Board will be receiving an updated report in December of 2017 regarding our long-range facility plan. This updated report will include enrollment projections, community growth projections, and estimates of when future facilities will need to be constructed to manage the increasing student enrollment.
- The district will be bidding out health insurance and staff wellness clinic services in the winter of 2018. This expenditure is the second in dollar amount only to salary, so the outcome of this bidding process will have a significant impact on future budgets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Randy Guttenberg, District Superintendent at (608) 849-2000 or rguttenberg@waunakee.k12.wi.us

Steve Summers, Business Manager at (608) 849-2000 or ssummers@waunakee.k12.wi.us

Additional information about the District and its services can also be found on the District's website at www.waunakee.k12.wi.us

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 6,066,674	\$ 396,883	\$ 6,463,557
Accounts receivable	7,358,231	-	7,358,231
Due from other governments	695,401	13,903	709,304
Capital assets not being depreciated	3,048,382	-	3,048,382
Capital assets being depreciated, net	102,843,121	36,420	102,879,541
Total assets	120,011,809	447,206	120,459,015
DEFERRED OUTFLOWS OF RESOURCES			
Related to WRS pension	11,407,833	11,134	11,418,967
Related to other postemployment benefits	589,384	-	589,384
Total deferred outflows of resources	11,997,217	11,134	12,008,351
LIABILITIES			
Short-term notes payable	2,000,000	-	2,000,000
Accounts payable and other current liabilities	1,668,764	-	1,668,764
Due to other funds	1,099	-	1,099
Accrued interest	720,667	-	720,667
Deferred revenues	-	71,092	71,092
Net other postemployment benefits liability	7,232,797	-	7,232,797
Accrued compensated absences	2,451,313	-	2,451,313
Unamortized premium on issuance of debt	3,060,967	-	3,060,967
Net WRS pension liability	1,404,732	1,371	1,406,103
Long-term debt			
Due within one year	4,452,314	-	4,452,314
Due in more than one year	77,513,711	-	77,513,711
Total liabilities	100,506,364	72,463	100,578,827
DEFERRED INFLOWS OF RESOURCES			
Related to WRS pension	5,859,382	5,720	5,865,102
Related to other postemployment benefits	5,292	-	5,292
Unamortized gain on refunding	483,776	-	483,776
Total deferred inflows of resources	6,348,450	5,720	6,354,170
NET POSITION			
Net investment in capital assets	20,380,735	36,420	20,417,155
Restricted	5,696,943	343,737	6,040,680
Unrestricted	(923,466)	-	(923,466)
Total net position	\$ 25,154,212	\$ 380,157	\$ 25,534,369

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
GOVERNMENTAL ACTIVITIES						
Instruction						
Regular instruction	\$ 21,252,939	\$ 1,765,994	\$ 1,880,513	\$ (17,606,432)	\$ -	\$ (17,606,432)
Vocational instruction	1,648,814	29,279	25,967	(1,593,568)	-	(1,593,568)
Physical instruction	669,465	-	-	(669,465)	-	(669,465)
Special education instruction	5,096,748	50	2,336,852	(2,759,846)	-	(2,759,846)
Other instruction	1,083,893	92,250	-	(991,643)	-	(991,643)
Total instruction	29,751,859	1,887,573	4,243,332	(23,620,954)	-	(23,620,954)
Support services						
Pupil services	1,916,795	-	-	(1,916,795)	-	(1,916,795)
Instructional staff services	2,427,556	-	-	(2,427,556)	-	(2,427,556)
General administrative services	901,933	-	-	(901,933)	-	(901,933)
Building administrative services	3,273,193	-	-	(3,273,193)	-	(3,273,193)
Business administrative services	9,069,605	-	-	(9,069,605)	-	(9,069,605)
Operation and maintenance	643,888	-	-	(643,888)	-	(643,888)
Pupil transportation	14,898	-	64,263	49,365	-	49,365
Central services	46,399	-	-	(46,399)	-	(46,399)
Insurance and judgments	329,786	-	-	(329,786)	-	(329,786)
Other support services	5,946,043	147,506	11,920	(5,786,617)	-	(5,786,617)
Interest on debt	2,759,481	-	-	(2,759,481)	-	(2,759,481)
Total support services	27,329,577	147,506	76,183	(27,105,888)	-	(27,105,888)
Total governmental activities	57,081,436	2,035,079	4,319,515	(50,726,842)	-	(50,726,842)
BUSINESS-TYPE ACTIVITIES						
School nutrition services	1,844,182	1,816,722	91,330	-	63,870	63,870
Total school district	\$ 58,925,618	\$ 3,851,801	\$ 4,410,845	\$ (50,726,842)	\$ 63,870	\$ (50,662,972)
GENERAL REVENUES						
TAXES						
Property taxes, levied for general purposes				20,831,869	-	20,831,869
Property taxes, levied for debt service				6,946,643	-	6,946,643
Property taxes, levied for specific purposes				497,013	-	497,013
FEDERAL AND STATE AID NOT RESTRICTED						
General (equalization aid)				19,867,911	-	19,867,911
Other				112,126	-	112,126
Interest and investment earnings				65,487	-	65,487
Loss on disposal of assets				(55,067)	-	(55,067)
Miscellaneous				666,338	-	666,338
Change in net position				(1,794,522)	63,870	(1,730,652)
Net Position—beginning of year				32,481,007	316,287	32,797,294
Prior period adjustment				(5,532,273)	-	(5,532,273)
Net Position—beginning of year, as restated				26,948,734	316,287	27,265,021
Net Position—end of year				\$ 25,154,212	\$ 380,157	\$ 25,534,369

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET—GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,332,097	\$ 964,205	\$ 297,493	\$ 472,879	\$ 6,066,674
Accounts receivable	7,298,760	-	-	59,471	7,358,231
Due from other governments	695,401	-	-	-	695,401
Due from other funds	-	607,212	-	-	607,212
Total assets	\$ 12,326,258	\$ 1,571,417	\$ 297,493	\$ 532,350	\$ 14,727,518
LIABILITIES					
Accounts payable	\$ 490,546	\$ -	\$ -	\$ 79,586	\$ 570,132
Accrued salaries and wages	32,827	-	-	10,907	43,734
Payroll taxes and withholdings	879,510	-	-	-	879,510
Due to other funds	608,311	-	-	-	608,311
Due to other governments	-	-	-	51,871	51,871
Medical claims payable	123,517	-	-	-	123,517
Short term notes payable	2,000,000	-	-	-	2,000,000
Accrued interest payable	14,995	-	-	-	14,995
Total liabilities	4,149,706	-	-	142,364	4,292,070
FUND BALANCES					
Restricted	-	1,571,417	297,493	389,986	2,258,896
Committed	63,360	-	-	-	63,360
Assigned	1,695,503	-	-	-	1,695,503
Unassigned	6,417,689	-	-	-	6,417,689
Total fund balances	8,176,552	1,571,417	297,493	389,986	10,435,448
Total liabilities and fund balances	\$ 12,326,258	\$ 1,571,417	\$ 297,493	\$ 532,350	\$ 14,727,518

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances—governmental funds		\$ 10,435,448
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 149,922,695	
Accumulated depreciation	<u>(44,031,192)</u>	
Net capital assets		105,891,503
The net pension liability is not an available resource and, therefore, is not reported in the funds.		(1,404,732)
Certain items, including bonds payable, are not due and payable in the current period and therefore are not reported as assets or liabilities in the funds those assets and liabilities at year-end consist of;		
Bonds and notes payable	(81,850,000)	
Capital lease obligations	(116,025)	
Accrued interest payable	(705,672)	
Unamortized premium on issuance of debt	(3,060,967)	
Unamortized gain on refunding	(483,776)	
Compensated absences	(2,451,313)	
Other postemployment benefit liability	(7,232,797)	
Deferred outflows related to WRS pension	11,407,833	
Deferred inflows related to WRS pension	(5,859,382)	
Deferred outflows related to other postemployment benefits	589,384	
Deferred inflows related to other postemployment benefits	<u>(5,292)</u>	
Total long-term obligations		<u>(89,768,007)</u>
Total net position—governmental activities		<u><u>\$ 25,154,212</u></u>

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 20,831,869	\$ 6,946,643	\$ 209,296	\$ 287,717	\$ 28,275,525
Local	661,218	10,206	8,102	587,339	1,266,865
Interdistrict payments	1,140,761	-	-	178,142	1,318,903
Intermediate sources	14,450	-	-	-	14,450
State	22,771,253	-	-	-	22,771,253
Federal	1,028,647	-	-	-	1,028,647
Other sources	402,161	264,177	-	-	666,338
Total revenues	46,850,359	7,221,026	217,398	1,053,198	55,341,981
EXPENDITURES					
Instruction					
Regular instruction	20,652,479	-	-	49,092	20,701,571
Vocational instruction	1,630,046	-	-	3,328	1,633,374
Physical instruction	643,751	-	-	-	643,751
Special education instruction	5,071,723	-	-	-	5,071,723
Other instruction	740,377	-	-	319,287	1,059,664
Total instruction	28,738,376	-	-	371,707	29,110,083
Support services					
Pupil services	1,842,907	-	-	72,839	1,915,746
Instructional staff services	2,146,271	-	-	178,142	2,324,413
General administrative services	855,813	-	-	-	855,813
Building administrative services	3,272,937	-	-	256	3,273,193
Business administrative services	7,925,679	-	1,126,919	17,007	9,069,605
Insurance and judgments	327,593	-	-	2,193	329,786
Other support services	1,683,648	-	-	431,362	2,115,010
Total support services	18,054,848	-	1,126,919	701,799	19,883,566
Capital outlay	379,972	-	7,080,454	-	7,460,426
Debt service					
Principal	56,293	5,200,000	-	-	5,256,293
Interest and fees	52,946	3,051,612	-	-	3,104,558
Total expenditures	47,282,435	8,251,612	8,207,373	1,073,506	64,814,926
Deficiency of revenues under expenditures	(432,076)	(1,030,586)	(7,989,975)	(20,308)	(9,472,945)
Other financing sources (uses)					
Proceeds from sale of capital assets	11,595	-	-	-	11,595
Transfers in (out)	(607,212)	607,212	-	-	-
Total other financing sources (uses)	(595,617)	607,212	-	-	11,595
Net change in fund balances	(1,027,693)	(423,374)	(7,989,975)	(20,308)	(9,461,350)
Fund balances—beginning of year	9,204,245	1,994,791	8,287,468	410,294	19,896,798
Fund balances—end of year	\$ 8,176,552	\$ 1,571,417	\$ 297,493	\$ 389,986	\$ 10,435,448

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net change in fund balances—total governmental funds		\$ (9,461,350)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 7,460,426	
Depreciation expense reported in the statement of activities	(3,391,293)	
Net book value of assets disposed of	<u>(66,662)</u>	4,002,471
Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Bonds and notes		5,200,000
Capital leases		56,293
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable	13,045	
Amortization of premium on issuance of debt	271,560	
Amortization of gain on refunding	60,472	
Net increase in other postemployment benefit liability	(180,021)	
Net decrease in compensated absences	83,811	
Net increase in pension expense	<u>(1,840,803)</u>	<u>(1,591,936)</u>
Change in net position of governmental activities		<u>\$ (1,794,522)</u>

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
June 30, 2017

	School Nutrition Services
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 396,883
Due from other governments	13,903
Total current assets	410,786
NONCURRENT ASSETS	
Furniture and equipment	371,279
Accumulated depreciation	(334,859)
Total noncurrent assets	36,420
Total assets	447,206
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	11,134
LIABILITIES	
CURRENT LIABILITIES	
Unearned revenues	71,092
NONCURRENT LIABILITIES	
Net pension liability	1,371
Total liabilities	72,463
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	5,720
NET POSITION	
Net investment in capital assets	36,420
Restricted	343,737
Total net position	\$ 380,157

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION—PROPRIETARY FUNDS
Year Ended June 30, 2017

	School Nutrition Services
REVENUES	
Food sales	\$ 1,816,722
State sources	1,353
Federal sources	87,869
Other sources	2,108
Total operating revenues	1,908,052
OPERATING EXPENSES	
Salaries and wages	26,654
Benefits	16,663
Supplies and materials	1,792,071
Depreciation	8,794
Total operating expenses	1,844,182
Change in net position	63,870
Net position—beginning of year	316,287
Net position—end of year	\$ 380,157

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
Year Ended June 30, 2016

	School Nutrition Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 1,810,785
Received from government payments	87,909
Received from other sources	2,108
Payments to and on behalf of employees	(32,556)
Payments to suppliers for goods and services	(1,792,071)
Net cash provided by operating activities	76,175
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property, plant, and equipment	(24,761)
Net increase in cash	51,414
Cash—beginning of year	345,469
Cash—end of year	\$ 396,883
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net position	\$ 63,870
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	8,794
Pension expense	10,761
Change in assets and liabilities:	
Due from other governments	(1,313)
Deferred revenues	(5,937)
Net cash provided by operating activities	\$ 76,175

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	<u>Private Purpose Trust</u>	<u>Employee Benefit Trust</u>	<u>Agency</u>
ASSETS			
Cash and investments	\$ 330,695	\$ 4,351,731	\$ 278,769
Due from other funds	-	1,099	-
	<u>330,695</u>	<u>4,352,830</u>	<u>278,769</u>
Total assets	330,695	4,352,830	278,769
LIABILITIES			
Accounts payable	-	-	19,535
Due to student organizations	-	-	161,243
Due to parent organizations	-	-	97,991
	<u>-</u>	<u>-</u>	<u>97,991</u>
Total liabilities	-	-	<u>\$ 278,769</u>
NET POSITION			
Restricted	<u>\$ 330,695</u>	<u>\$ 4,352,830</u>	

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2017

	<u>Scholarship Trust Funds</u>	<u>Benefit Trust Fund</u>
ADDITIONS		
Contributions	\$ 18,292	\$ 913,990
Investment earnings	3,592	179,401
Total additions	21,884	1,093,391
DEDUCTIONS		
Scholarships	18,105	-
Other post-employment benefits	-	312,058
Total deductions	18,105	312,058
Change in net position	3,779	781,333
Net Position—beginning of year	326,916	3,571,497
Net Position—end of year	\$ 330,695	\$ 4,352,830

See accompanying notes.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Waunakee Community School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

Effective July 1, 2016, the District implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. GASB Statement No. 75 defines the net OPEB liability as the difference between the total OPEB liability and the value of assets set aside to pay benefits. A description of the postemployment benefit plan and the impact on the financial statements of the District is provided on page 40.

Reporting Entity

The Waunakee Community School District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a seven member elected school board and is fiscally independent with taxing and borrowing powers. The District provides elementary, secondary, vocational, and special education services for kindergarten through grade 12.

As discussed in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

Basis of Presentation

District-Wide Financial Statements

The statement of net position and statement of activities present financial information about the District's governmental activities. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on the major governmental funds; each is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

Debt service fund is used to account for financial resources to be used for the payment of general long-term debt principal, interest, and related costs.

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The District reports the following major proprietary fund:

School Nutrition Services Fund

The School Nutrition Services fund is used to account for the District's food services, generally the school breakfast and lunch programs.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following nonmajor governmental funds:

Special Revenue Funds

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Special Revenue Gift Fund, the Community Service Fund, and the Package-Cooperative Fund as special revenue funds.

Additionally, the District reports the following fund types:

Agency Fund

Agency fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

Private-Purpose Trust Fund

Private-purpose trust fund is used to account for resources legally held in trust for student scholarships.

Employee Benefit Trust Fund

Employee benefit trust fund is used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund statements (excluding the agency funds) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operation. The principle operating revenue is charges to students for meals. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical funds, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement resources to such programs, followed by general revenues.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

The District may invest available cash balances, other than debt services funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States, and the local governmental investment pool.

Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in November on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such allowance would not be material to the financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Years</u>
Building and building improvements	\$25,000	20 - 50
Land improvements	5,000	10 - 20
Furniture and equipment	5,000	5 - 20

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows as of June 30, 2017 related to WRS pension and other postemployment benefits activity.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred inflow of resources in the government-wide financial statements.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2017 related to WRS pension and other postemployment benefits activity.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences and Other Employee Benefit Amounts

Sick leave benefits are reflected as expenses when paid. The District's policy allows employees to earn varying amounts of sick pay for each year employed. Upon retirement, the employee is entitled to a deposit into a Health Reimbursement Account at the various rates as follows:

Teachers	\$85/day up to a maximum of 120 days
Classified staff and administrative assistants	\$110/day up to a maximum of 120 days
Custodians	\$110/day up to a maximum of 120 days

Administrators and administrative support staff are eligible for vacation per diems and health, dental, and life insurance up to age 65.

The compensated absences liability consists of the District's estimate of payouts for sick leave upon retirement. The compensated absences liability is based on rates in effect as of June 30, 2017.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

Other Postemployment Benefits Other Than Pensions (OPEB)

Teachers who have been employed by the District at least 15 years and who have reached the age of 55 are eligible to receive retirement benefits. Teachers hired after April 1, 2008 receive a credit of \$1,000 per year of service to the District to be used to fund a post-employment Health Reimbursement Account (HRA). Teachers hired before April 1, 2008 receive a credit of \$1,200 per year of service to the District to be used to fund a post-employment HRA.

Administrators are eligible for retirement benefits at age 55. The District contributes to health, dental, and life insurance via a Health Reimbursement Account (HRA) for a maximum of 10 years or the age the retired employee is eligible for Medicare, whichever comes first. Premiums contributed are based on a vesting schedule. Vesting varies based on years of services. For employees with less than 6 years of service no premium is contributed. After 6 years, 10% of the premium is contributed for each additional year of services up to 010%. Employees are fully vested at 15 years. Administrators hired after April 1, 2011, will have a deposit to an HRA based on number of hours worked.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

In the district-wide financial statements, bond premiums and discounts, as well as issuance costs and losses on refunding, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position

In the district-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

Restricted Net Position—Consists of Net Position with constraints placed on use by 1) external groups such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position—All other Net Position that do not meet the definition of "restricted" or "net investment in capital assets."

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

Nonspendable—Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long term receivables.

Restricted—Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed—Resources that can only be used for specific purposes as the result of a formal action of the District's highest level of decision-making authority. Any changes in the constraints imposed require the same formal action of the District that originally created the commitment. The Board of Education is the highest level of decision-making authority.

Assigned—Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education. Under the District's adopted policy, the Board of Education may assign amounts for specific purposes at the recommendation of the Business Manager.

Unassigned—Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

Use of Restricted Resources

The District considers restricted amounts to be spent first when both restricted and unrestricted net position are available unless there are legal constraints that prohibit doing this. Additionally, the District considers amounts to be spent first out of committed amounts, then assigned and lastly unassigned amounts of restricted fund balance when expenditures are made.

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described on page 23.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by a resolution from the Board of Education. Appropriations lapse at year end unless specifically carried over.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2—CASH AND INVESTMENTS

As of June 30, 2017, cash and investments consist of the following:

	Fair Value	Carrying Value	Risk
Deposits with financial institutions	\$ 1,056,512	\$ 532,996	Custodial
Wisconsin Investment Series Cooperative	6,477,149	6,477,149	Credit and interest rate
Wisconsin Local Government Investment Pool	62,876	62,876	Credit and interest rate
Corporate bonds	2,698,073	2,698,073	Credit and interest rate
Mortgage and asset-backed securities	783,312	783,312	Credit and interest rate
Direct commercial mortgages	609,242	609,242	Credit and interest rate
Other investments	261,104	261,104	Credit and interest rate
	<u>\$ 11,948,268</u>	<u>\$ 11,424,752</u>	

The District's cash and investments are reported in the financial statements as follows:

Statement of net position	
Governmental activities	\$ 6,066,674
Business-type activities	396,883
Statement of fiduciary net position	
Trust Funds	4,682,426
Agency Fund	278,769
	<u>\$ 11,424,752</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. To limit credit risk, the District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2—CASH AND INVESTMENTS (continued)

5. Securities of an open-end management investment company or investment trust, with certain limitations:
 - a. Bonds or securities issued under the authority of the municipality;
 - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
 - c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
 - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
 - e. Repurchase agreements with public depositories, with certain conditions.

The District has adopted an investment policy which permits all investment authorized under state statutes as described above.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2017, Wisconsin Investment Series Cooperative, Wisconsin Local Government Investment pool, corporate bonds, mortgage and asset-backed securities, direct commercial mortgages, and other investments have a maturity of 12 months or less.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2017, \$4,101,731 of the District's deposits with financial institutions were uninsured and uncollateralized, and \$806,512 of the District's deposits with financial institutions were collateralized by the pledging financial institution's trust department or agent not in the District's name. The District does not have a custodial risk policy for deposits.

PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission but invests in funds in accordance with applicable Wisconsin statutes. The WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2017, the District's share of the WISC's assets was substantially equal to the amount reported on page 30. The District is subject to market risk and credit risk through its investment in WISC.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2—CASH AND INVESTMENTS (continued)

The District voluntarily invests excess funds in the LGIP, an external investment pool. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 30.

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

The District categorizes its fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate bonds	\$ 2,698,073	\$ 2,698,073
Mortgage and asset-backed securities	783,312	783,312
Direct commercial mortgages	609,242	609,242
Other investments	261,104	261,104
	\$ 4,351,731	\$ 4,351,731

NOTE 3—INTERFUND ADVANCES AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts, the general fund, as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3—INTERFUND ADVANCES AND TRANSFERS (continued)

The following is a schedule of interfund receivables and payables, including any overdrafts on pooled cash and investment accounts:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 607,212
Employee Benefit Trust Fund	General Fund	1,099
		<u>\$ 608,311</u>

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

The following balance as of June 30, 2017, represent transfer in/out between all funds:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$ 607,212</u>

NOTE 4—CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 2,724,693	\$ -	\$ -	\$ 2,724,693
Construction in progress	31,141,471	7,064,394	(37,882,176)	323,689
Total capital assets not being depreciated	33,866,164	7,064,394	(37,882,176)	3,048,382
Capital assets being depreciated				
Land improvements	1,911,887	-	-	1,911,887
Buildings	96,569,294	37,882,176	-	134,451,470
Furniture and equipment	11,253,862	396,032	(1,138,938)	10,510,956
Total capital assets being depreciated	109,735,043	38,278,208	(1,138,938)	146,874,313
Less accumulated depreciation	41,712,175	3,391,293	(1,072,276)	44,031,192
Total capital assets being depreciated—net	68,022,868	34,886,915	(66,662)	102,843,121
Governmental activity capital assets-net	<u>\$ 101,889,032</u>	<u>\$ 41,951,309</u>	<u>\$ (37,948,838)</u>	<u>\$ 105,891,503</u>
Business-type activity				
Capital assets being depreciated				
Furniture and equipment	\$ 419,597	\$ 24,761	\$ (73,079)	\$ 371,279
Less accumulated depreciation	(399,144)	(8,794)	73,079	(334,859)
Business-type activity capital assets—net	<u>\$ 20,453</u>	<u>\$ 15,967</u>	<u>\$ -</u>	<u>\$ 36,420</u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4—CAPITAL ASSETS (continued)

Depreciation expense for governmental activities for the year ended June 30, 2017 was charged to functions as follows:

Regular instruction	\$ 635,179
Vocational instruction	15,440
Physical instruction	25,714
Special education instruction	25,025
Other instruction	32,504
Pupil services	1,049
Instructional staff services	103,143
General administration services	5,767
Building administration services	40,353
Business administrative services	2,401,128
Central services	46,399
Community services	1,717
Undetermined	57,875
Total depreciation of governmental activities:	<u>\$ 3,391,293</u>

NOTE 5—SHORT-TERM DEBT ACTIVITY

The District issued a tax anticipation note in advance of property tax collections. The note matures on October 20, 2017, with an interest rate of 1.5%. Interest for the year ended June 30, 2017 was \$50,923. Short-term debt activity for the year ended June 30, 2017 was as follows:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17
Tax anticipation note	<u>\$ 2,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 2,000,000</u>

NOTE 6—LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Due Within One Year
General obligation bonds	\$ 87,050,000	\$ -	\$ 5,200,000	\$ 81,850,000	\$ 4,395,000
Deferred amounts:					
Unamortized premiums and gains on refunding	<u>(3,876,774)</u>	<u>-</u>	<u>(332,031)</u>	<u>(3,544,743)</u>	<u>-</u>
Total G.O. debt	83,173,226	-	4,867,969	78,305,257	4,395,000
Capital lease	172,318	-	56,293	116,025	57,314
Accrued compensated absences	<u>2,535,124</u>	<u>-</u>	<u>83,811</u>	<u>2,451,313</u>	<u>-</u>
Total long-term liabilities	<u>\$ 85,880,668</u>	<u>\$ -</u>	<u>\$ 5,008,073</u>	<u>\$ 80,872,595</u>	<u>\$ 4,452,314</u>

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2017 was \$3,044,321 and \$3,069,407, respectively.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6—LONG-TERM OBLIGATIONS (continued)

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

General obligation debt at June 30, 2017 is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2017
G.O. refunding bonds	10/4/2010	5.70%	4/1/2022	\$ 3,410,000	\$ 1,830,000
G.O. QSCB bonds	10/4/2010	5.00%	4/1/2024	3,800,000	2,120,000
G.O. BAB bonds	10/4/2010	2.00-4.00%	4/1/2030	4,650,000	4,650,000
G.O. refunding bonds	11/7/2011	2.15-4.00%	4/1/2025	4,475,000	4,345,000
G.O. refunding bonds	7/10/2012	2.00-3.00%	4/1/2022	8,950,000	6,600,000
G.O. refunding bonds	4/3/2013	2.00-2.50%	3/1/2025	9,515,000	8,995,000
G.O. bonds	5/11/2015	3.25%	4/1/2035	9,990,000	9,990,000
G.O. bonds	6/8/2015	3.00-5.00%	4/1/2031	34,800,000	34,065,000
G.O. refunding bonds	2/4/2016	1.00-2.00%	4/1/2026	9,995,000	9,255,000
Total general obligation debt					<u>\$ 81,850,000</u>

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,437,426,579. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2017 was as follows:

Debt limit (10% of \$2,437,426,579)	\$ 243,742,658
Less: long-term debt applicable to debt margin:	<u>81,850,000</u>
Margin of indebtedness:	<u>\$ 161,892,658</u>

Debt service requirements to maturity on general obligation debt and capital leases are as follows:

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Total	Capital Lease Principal	Capital Lease Interest	Total
2018	\$ 4,395,000	\$ 2,869,731	\$ 7,264,731	\$ 57,314	\$ 2,833	\$ 60,147
2019	4,595,000	2,786,111	7,381,111	58,712	1,433	60,145
2020	4,795,000	2,663,426	7,458,426	-	-	-
2021	5,005,000	2,530,941	7,535,941	-	-	-
2022	5,215,000	2,390,506	7,605,506	-	-	-
2023-2027	25,895,000	8,419,049	34,314,049	-	-	-
2028-2032	31,950,000	3,797,620	35,747,620	-	-	-
	<u>\$ 81,850,000</u>	<u>\$ 25,457,384</u>	<u>\$ 107,307,384</u>	<u>\$ 116,026</u>	<u>\$ 4,266</u>	<u>\$ 120,292</u>

Capital Lease - Included in equipment, computer equipment held under capital lease as of June 30, 2017.

Computer equipment	\$ 231,996
Less accumulated amortization	<u>(115,971)</u>
	<u>\$ 116,025</u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

The Core and variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. During the reporting period, the WRS recognized \$1,149,585 in contributions from the employer. Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$1,406,103 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions, or benefit terms, occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District’s proportion was 0.17059411%, which was a decrease of 0.00301665% from its proportion measured as of December 31, 2015. For the year ended June 30, 2017, the District recognized pension expense of \$3,594,706.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 536,147	\$ (4,422,072)
Changes in assumptions	1,470,135	-
Net differences between projected and actual earnings on pension plan investments	8,385,515	(1,386,381)
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,693	(56,649)
Employer contributions subsequent to the measurement date	1,021,477	-
Total	\$ 11,418,967	\$ (5,865,102)

\$1,021,477 reported as deferred outflows related to pension resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 3,624,822	\$ (1,777,395)
2018	3,624,822	(1,777,395)
2019	3,032,304	(1,769,926)
2020	113,098	(540,058)
2021	2,444	(328)
	\$ 10,397,490	\$ (5,865,102)

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation</u>	<u>Destination Target Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equities	50%	45%	8.3%	5.4%
Fixed income	24.5	37	4.2	1.4
Inflation sensitive assets	15.5	20	4.3	1.5
Real estate	8	7	6.5	3.6
Private equity/debt	8	7	9.4	6.5
Multi-asset	4	4	6.6	3.7
Total core fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. equities	70%	70%	7.6%	4.7%
International equities	30	30	8.5	5.6
Total variable fund	100%	100%	7.9%	5.0%

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

Single Discount Rate. A single discount rate of 7.2% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.2% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.2% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
The District’s proportionate share of net pension liability	\$ 18,498,183	\$ 1,406,103	\$ (11,755,574)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/>.

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Plan Administration. The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree plan that provides postemployment health insurance benefits to eligible employees and their spouses. Benefits and eligibility are established and amended by the Board of Education.

Plan Membership. At June 30, 2016, the date of the latest actuarial valuation, there were approximately 549 active plan members and 17 inactive plan members currently receiving benefits. Employees hired after July 1, 2012 will not be eligible for District-provided post-employment benefits if the employee is receiving an annuity from WRS at the time of hire.

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions, and for the year ended June 30, 2017, the measurement date, the District contributed \$508,468 to the Waunakee Community School District Post-Employment Benefits Trust. For the year ended June 30, 2016, the District’s average contribution rate was 2.12% of covered-employee payroll.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Investment rate of return	3.00%
Healthcare cost trend rates	9.50% decreasing by 0.50% per year down to 6.50% then a 1.5% decrease to 5%; Dental - 5.00%

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The Long-Term Expected Rate of Return on OPEB Plan Investments. Since the District currently holds assets in fixed income funds or as cash equivalents, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate. The discount rate of 3.00% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.00%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2015	\$ 7,149,811	\$ 172,659	\$ 6,977,152
Changes for the year:			
Service cost	549,170	-	549,170
Interest	225,676	-	225,676
Differences between expected and actual experience	(5,292)	-	(5,292)
Contributions - employer	-	508,468	(508,468)
Net investment Income	-	5,441	(5,441)
Benefit payments	(352,833)	(352,833)	-
Net Changes	416,721	161,076	255,645
Balances at 6/30/2016	<u>\$ 7,566,532</u>	<u>\$ 333,735</u>	<u>\$ 7,232,797</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.0%) or 1-percentage-point higher (4.0%) than the current discount rate:

	1% Decrease to Discount Rate (2.0%)	Current Discount Rate (3.0%)	1% Increase to Discount Rate (4.0%)
Net OPEB liability	\$ 7,546,429	\$ 7,232,797	\$ 6,684,230

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.5% decreasing to 5%) or 1-percentage-point higher (10.5% decreasing to 7%) than the current healthcare cost trend rates:

	1% Decrease (8.5% decreasing to 5.0%)	Healthcare Cost Trend Rates (9.5% decreasing to 6.0%)	1% Increase (10.5% decreasing to 7.0%)
Net OPEB liability	\$ 6,889,059	\$ 7,232,797	\$ 7,355,070

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$769,405. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,292)
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	589,384	-
Total	\$ 589,384	\$ (5,292)

\$589,384 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Inflows of Resources
Year ended June 30:	
2017	\$ (725)
2018	(725)
2019	(725)
2020	(725)
2021	(725)
Thereafter	(1,667)
Total	\$ (5,292)

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9—GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide statement of net position at June 30, 2017 consist of the following:

Net investment in capital assets	\$ 20,380,735
Restricted	
WRS pension	4,143,719
Community service	266,758
Donor restrictions	123,228
Capital projects	297,493
Debt service	<u>865,745</u>
Total restricted	5,696,943
Unrestricted	<u>(923,466)</u>
Total governmental activities net position	<u><u>\$ 25,154,212</u></u>

NOTE 10—GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the financial statements at June 30, 2017 include the following:

Restricted	
Special purpose	\$ 123,228
Capital projects	297,493
Debt service	1,571,417
Community services	<u>266,758</u>
Total restricted	2,258,896
Committed	
Parking lot replacement	56,250
Band uniforms	<u>7,110</u>
Total committed	63,360
Assigned	
Maintenance projects	1,695,503
Unassigned	<u>6,417,689</u>
Total governmental fund balance	<u><u>\$ 10,435,448</u></u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were not significant reductions in coverage compared to the prior year.

NOTE 12—LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

NOTE 13—COMMITMENTS AND CONTINGENCIES

The District has active construction projects as of June 30, 2017. At the end of the year the District's commitments with contractors to complete the projects amount to \$1,028,627.

From time to time the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTE 14—PRIOR PERIOD ADJUSTMENT

The Government Accounting Standards Board (GASB) issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Under GASB 74 and GASB 75, the District is required to disclose the net OPEB liability and related deferred inflows and outflows on the statement of net position. As a result, an adjustment of \$5,532,273, was made to decrease the June 30, 2016 net position of the Government Activities on the statement of activities based on the net OPEB liability and related deferred outflows of resources balances as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

WAUNAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 20,831,869	\$ 20,831,869	\$ 20,831,869	\$ -
Local	608,378	658,378	661,218	2,840
Interdistrict payments	1,156,774	1,156,774	1,140,761	(16,013)
State	21,223,147	21,203,911	21,219,174	15,263
Federal	314,798	315,341	258,273	(57,068)
Other sources	120,000	363,500	402,161	38,661
Total revenues	44,254,966	44,529,773	44,513,456	(16,317)
EXPENDITURES				
Instruction				
Regular instruction	20,985,204	21,035,043	20,652,479	382,564
Vocational instruction	1,634,599	1,690,422	1,658,146	32,276
Physical instruction	636,851	646,386	643,751	2,635
Other instruction	743,422	743,422	753,208	(9,786)
Total instruction	24,000,076	24,115,273	23,707,584	407,689
Support services				
Pupil services	935,245	968,913	969,847	(934)
Instructional staff services	1,455,183	1,456,727	1,620,760	(164,033)
General administrative services	952,072	906,864	855,813	51,051
Building administrative services	3,211,398	3,245,751	3,272,937	(27,186)
Business administrative services	7,361,109	8,519,689	8,086,090	433,599
Insurance and judgments	282,000	282,000	297,338	(15,338)
Other support services	1,514,351	1,541,024	1,535,770	5,254
Total support services	15,711,358	16,920,968	16,638,555	282,413
Debt service				
Principal	56,300	56,300	56,293	7
Interest and fees	4,000	4,000	52,946	(48,946)
Total expenditures	39,771,734	41,096,541	40,455,378	641,163
Excess (deficiency) of revenues over (under) expenditures	4,483,232	3,433,232	4,058,078	624,846
Other financing sources (uses)				
Proceeds from sale of assets	-	-	11,595	11,595
Transfers in (out)	(4,471,357)	(5,241,837)	(5,097,366)	144,471
Total other financing sources (uses)	(4,471,357)	(5,241,837)	(5,085,771)	156,066
Net change in fund balances	11,875	(1,808,605)	(1,027,693)	780,912
Fund balances—beginning of year	9,204,245	9,204,245	9,204,245	-
Fund balances—end of year	<u>\$ 9,216,120</u>	<u>\$ 7,395,640</u>	<u>\$ 8,176,552</u>	<u>\$ 780,912</u>

See accompanying notes to required supplementary information.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETERY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
Year Ended June 30, 2017

SOURCES/INFLOWS OF RESOURCES:

Actual General Fund operating revenues from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 44,513,456
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>2,336,903</u>
General Fund Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 46,850,359</u>

USES/OUTFLOWS OF RESOURCES:

Actual General Fund expenditures from the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 40,455,378
Reclassification: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>6,827,057</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 47,282,435</u>

See accompanying notes to required supplementary information.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2016	2015	2014
The District's proportion of the net pension liability	0.170594%	0.167577%	0.166892%
The District's proportionate share of the net pension liability	\$ 1,406,103	\$ 2,723,101	\$ (4,098,207)
The District's covered-employee payroll	\$ 25,521,523	\$ 24,804,900	\$ 24,191,077
The District's proportionate share as a percentage of covered payroll	5.51%	10.98%	16.94%
Plan fiduciary net position as a percentage of the total pension liability	99.12%	98.20%	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2016	2015	2014
Contractually required contributions	\$ 1,684,421	\$ 1,657,559	\$ 1,665,033
Contributions in relation to the contractually required contributions	\$ 1,684,421	\$ 1,657,559	\$ 1,665,033
The District's covered-employee payroll	\$ 25,521,523	\$ 24,804,900	\$ 24,191,077
Contributions as a percentage of covered-employee payroll	6.60%	6.68%	6.88%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See accompanying notes to required supplementary information.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
Last 10 Fiscal Years*

	<u>2016</u>
Actuarially Determined Contribution (ADC)	\$ 516,717
Contributions in relation to ADC	\$ 508,468
Contribution deficiency (excess)	\$ 8,249
The District's covered-employee payroll	\$ 23,967,500
Contributions as a percentage of covered-employee payroll	2.12%

*The amounts presented were determined as of a measurement date 12 months prior to year end.

See accompanying notes to required supplementary information.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

	2016
Total OPEB Liability:	
Service cost	\$ 549,170
Interest	225,676
Difference between expected and actual	(5,292)
Benefit payments	(352,833)
Net Change in OPEB liability	416,721
Total OPEB liability - beginning	7,149,811
Total OPEB liability - ending (a)	\$ 7,566,532
Total Fiduciary Net Position:	
Contributions - employer	\$ 508,468
Net investment income	5,441
Benefit payments	(352,833)
Net change in fiduciary net position	161,076
Fiduciary net position - beginning	172,659
Fiduciary net position - ending (b)	\$ 333,735
Net OPEB liability - ending (a) - (b)	\$ 7,232,797
Fiduciary net position as a percentage of the total OPEB liability	4.41%
Covered Payroll	\$ 23,967,500
Net OPEB liability as a percentage of covered payroll	30.18%

See accompanying notes to required supplementary information.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2017

NOTE 1—BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 to the financial statements. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

Excess Expenditures Over Appropriations

The following general fund functions had material excess of actual expenditures over appropriations for the year ended June 30, 2017.

Function	Excess Expenditures
Other instruction	\$ 9,786
Instructional staff services	164,033
Building administrative services	27,186
Insurance and judgments	15,338

NOTE 2—EMPLOYEE'S RETIREMENT CONTRIBUTIONS

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions. There were no changes in the assumptions.

NOTE 3—EMPLOYEE'S OPEB CONTRIBUTIONS

Changes of Benefit Terms. There were no changes of benefit terms.

Changes of Assumptions. There were no changes in the assumptions.

NOTE 4—SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Methods and assumptions used to determine OPEB contribution rates:

Actuarial Valuation Date:	June 30, 2016
Measurement Date:	June 30, 2016
Actuarial Cost Method:	Entry age normal
Asset Valuation Method:	Fair market value
Amortization Method:	16 year level \$
Amortization Growth Rate:	3%
Discount Rate:	3%
Inflation:	3%

OTHER SUPPLEMENTARY INFORMATION

WAUNAKEE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET—GENERAL FUND
June 30, 2016

	General Operating Fund	Special Education Fund	Total General Fund
ASSETS			
Cash and investments	\$ 4,332,097	\$ -	\$ 4,332,097
Accounts receivable	7,298,760	-	7,298,760
Due from other governments	481,314	214,087	695,401
Due (to) from other funds	187,290	(187,290)	-
Total assets	\$ 12,299,461	\$ 26,797	\$ 12,326,258
LIABILITIES			
Accounts payable	\$ 469,398	\$ 21,148	\$ 490,546
Accrued salaries and wages	27,178	5,649	32,827
Payroll taxes and withholdings	879,510	-	879,510
Due to other funds	608,311	-	608,311
Medical claims payable	123,517	-	123,517
Short term notes payable	2,000,000	-	2,000,000
Accrued interest payable	14,995	-	14,995
Total liabilities	4,122,909	26,797	4,149,706
FUND BALANCES			
Committed	63,360	-	63,360
Assigned	1,695,503	-	1,695,503
Unassigned	6,417,689	-	6,417,689
Total fund balances	8,176,552	-	8,176,552
Total liabilities and fund balances	\$ 12,299,461	\$ 26,797	\$ 12,326,258

WAUNAKEE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GENERAL FUND
Year Ended June 30, 2017

	General Operating Fund	Special Education Fund	Total General Fund
REVENUES			
Taxes	\$ 20,831,869	\$ -	\$ 20,831,869
Local	661,218	-	661,218
Interdistrict payments	1,140,761	-	1,140,761
Intermediate sources	-	14,450	14,450
State	21,219,174	1,552,079	22,771,253
Federal	258,273	770,374	1,028,647
Other sources	402,161	-	402,161
Total revenues	44,513,456	2,336,903	46,850,359
EXPENDITURES			
Instruction			
Regular instruction	20,652,479	-	20,652,479
Vocational instruction	1,630,046	-	1,630,046
Physical instruction	643,751	-	643,751
Special education instruction	-	5,071,723	5,071,723
Other instruction	740,377	-	740,377
Total instruction	23,666,653	5,071,723	28,738,376
Support services			
Pupil services	969,847	873,060	1,842,907
Instructional staff services	1,620,760	525,511	2,146,271
General administrative services	855,813	-	855,813
Building administrative services	3,272,937	-	3,272,937
Business administrative services	7,769,782	155,897	7,925,679
Insurance and judgments	297,338	30,255	327,593
Other support services	1,535,770	147,878	1,683,648
Total support services	16,322,247	1,732,601	18,054,848
Capital outlay	357,239	22,733	379,972
Debt service			
Principal	56,293	-	56,293
Interest and fees	52,946	-	52,946
Total expenditures	40,455,378	6,827,057	47,282,435
Excess (deficiency) of revenues over (under) expenditures	4,058,078	(4,490,154)	(432,076)
Other financing sources (uses)			
Proceeds from sale of assets	11,595	-	11,595
Transfers in (out)	(5,097,366)	4,490,154	(607,212)
Total other financing sources (uses)	(5,085,771)	4,490,154	(595,617)
Net change in fund balances	(1,027,693)	-	(1,027,693)
Fund balances—beginning of year	9,204,245	-	9,204,245
Fund balances—end of year	\$ 8,176,552	\$ -	\$ 8,176,552

WAUNAKEE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue	Community Services	Package Cooperative	
ASSETS				
Cash and investments	\$ 141,566	\$ 277,545	\$ 53,768	\$ 472,879
Accounts receivable	58,146	1,325	-	59,471
Total assets	\$ 199,712	\$ 278,870	\$ 53,768	\$ 532,350
LIABILITIES				
Accounts payable	\$ 76,484	\$ 1,205	\$ 1,897	\$ 79,586
Accrued salaries and wages	-	10,907	-	10,907
Due to other governments	-	-	51,871	51,871
Total liabilities	76,484	12,112	53,768	142,364
FUND BALANCES				
Restricted	123,228	266,758	-	389,986
Total liabilities and fund balances	\$ 199,712	\$ 278,870	\$ 53,768	\$ 532,350

WAUNAKEE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue	Community Services	Package Cooperative	
REVENUES				
Taxes	\$ -	\$ 287,717	\$ -	\$ 287,717
Local	438,452	148,887	-	587,339
Interdistrict payments with Wisconsin	-	-	178,142	178,142
Total revenues	438,452	436,604	178,142	1,053,198
EXPENDITURES				
Instruction				
Regular instruction	49,092	-	-	49,092
Vocational instruction	3,328	-	-	3,328
Other instruction	319,287	-	-	319,287
Total instruction	371,707	-	-	371,707
Support services				
Pupil services	72,839	-	-	72,839
Instructional staff services	-	-	178,142	178,142
Building administrative services	-	256	-	256
Business administrative services	287	16,720	-	17,007
Insurance and judgments	-	2,193	-	2,193
Other support services	-	431,362	-	431,362
Total support services	73,126	450,531	178,142	701,799
Total expenditures	444,833	450,531	178,142	1,073,506
Net change in fund balances	(6,381)	(13,927)	-	(20,308)
Fund balances—beginning of year	129,609	280,685	-	410,294
Fund balances—end of year	\$ 123,228	\$ 266,758	\$ -	\$ 389,986

WAUNAKEE COMMUNITY SCHOOL DISTRICT
AGENCY FUNDS—SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2017

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2017</u>
ASSETS				
Cash and cash equivalents	\$ 281,870	\$ 510,496	\$ 513,597	\$ 278,769
Accounts receivable	1,231	-	1,231	-
Total assets	<u>\$ 283,101</u>	<u>\$ 510,496</u>	<u>\$ 514,828</u>	<u>\$ 278,769</u>
LIABILITIES				
Accounts payable	\$ 14,533	\$ 19,535	\$ 14,533	\$ 19,535
Due to student organizations	130,815	280,879	250,451	161,243
Due to parent organizations	137,753	210,082	249,844	97,991
Total liabilities	<u>\$ 283,101</u>	<u>\$ 510,496</u>	<u>\$ 514,828</u>	<u>\$ 278,769</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITORS' REPORTS**

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant ID	Accrued or (Unearned) Revenue at 7/1/16	Receipts	Expenditures	Accrued or (Unearned) Revenue at 6/30/17
Department of Agriculture						
Pass-through programs from Wisconsin Department of Public Instruction						
Child Nutrition Cluster						
School Breakfast Program	10.553	2017-136181-SB-546	\$ 445	\$ 445	\$ -	\$ -
National School Lunch Program	10.555	2017-136181-NSL-547	3,762	3,762	-	-
Special Milk Program for Children	10.556	2017-136181-SMP-548	-	84,730	87,869	3,139
Total Child Nutrition Cluster			4,207	88,937	87,869	3,139
Total Department of Agriculture			4,207	88,937	87,869	3,139
Department of Education						
Pass-through programs from Wisconsin Department of Public Instruction						
Special Education Cluster (IDEA)						
Special Education_Grants to States	84.027	2017-136181-IDEA-341	244,343	758,853	723,786	209,276
Special Education_Preschool Grants	84.173	17-136181-Pre-S-347	2,264	18,894	17,771	1,141
Total Special Education Cluster (IDEA)			246,607	777,747	741,557	210,417
Title I Grants to Local Educational Agencies	84.010	17-136181-Title I-141	13,233	104,333	115,233	24,133
Improving Teacher Quality State Grants	84.367	17-136181-Title II-365	11,324	36,306	38,350	13,368
Career and Technical Education -- Basic Grants to States	84.048	2017-136181-CP-CTE-400	17,020	17,020	16,819	16,819
Total Department of Education			288,184	935,406	911,959	264,737
Department of Health and Human Services						
Pass-through program from Wisconsin Medicaid and Badgercare Programs						
Medical Assistance Program	93.778		7	99,786	116,742	16,963
Total federal programs			\$ 292,398	\$ 1,124,129	\$ 1,116,570	\$ 284,839

See accompanying notes to schedule of expenditures of federal and state awards.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

State Grantor/ Program Title	State Identifying Number	Grant ID	Accrued or (Unearned) Revenue at 7/1/16	7/1/2016 Receipts	Expenditures	Accrued or (Unearned) Revenue at 6/30/17
Wisconsin Department of Public Instruction						
Special Education and School Age Parents	255.101	136181-100	\$ -	\$ 1,551,791	\$ 1,551,791	\$ -
Common School Fund Library Aid	255.103	136181-104	-	121,721	121,721	-
General Transportation Aid for Public School Pupils	255.107	136181-102	-	64,263	64,263	-
Equalization Aids	255.201	136181-116	340,978	19,869,402	19,867,380	338,956
AODA Program Grants	255.321	136181-142	-	-	990	990
State School Breakfast Aid	255.344	136181-108	-	1,353	1,353	-
Educator Effectiveness Eval Sys Grants	255.940	136181-154	28,000	56,800	28,800	-
Per Pupil Aid	255.945	136181-113	585,900	1,573,650	987,750	-
Career and Technical Education Incentive Grants	255.950	136181-151	-	27,552	27,552	-
Assessments of Reading Readiness	255.956	136181-166	-	8,060	8,060	-
Aid for Special Education Transition Grant BBL	255.960	136181-168	-	288	288	-
Total Wisconsin Department of Public Instruction			954,878	23,274,880	22,659,948	339,946
Wisconsin Department of Revenue						
Exempt Computer Aid			72,044	72,044	56,629	56,629
Total State Programs			<u>\$ 1,026,922</u>	<u>\$ 23,346,924</u>	<u>\$ 22,716,577</u>	<u>\$ 396,575</u>

See accompanying notes to schedule of expenditures of federal and state awards.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2017

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3—OVERSIGHT AGENCIES

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

NOTE 4—ELIGIBLE COSTS FOR SPECIAL EDUCATION

Eligible costs for special education under project 011 were \$6,069,979 for the year ended June 30, 2017.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

2016-001

Condition: DPI identified an employee on the No Valid License Listing.

Status: This finding has been resolved.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Waunakee Community School District
Waunakee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waunakee Community School District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
December 1, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND
MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

To the Board of Education
Waunakee Community School District
Waunakee, Wisconsin

Report on Compliance for Major Federal Program and Each Major State Program

We have audited Waunakee Community School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on the District's major federal program and its major state programs for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program and each of its major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Guidelines*. Those standards, the Uniform Guidance, and the *Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program and Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and its major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
December 1, 2017

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

State Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? No

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Identification of major state programs:

State Identifying Number	Name of State Program
255.201	Equalization Aid

Section II—Financial Statement Findings

No items were reported.

Section III—Federal and State Award Findings and Questioned Costs

No items were reported.

Section IV—Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



Scott R. Haumersen, CPA

Date of report

December 1, 2017